FACT SHEET

Caribbean Economic Review and 2018 Outlook

2017 ECONOMIC PICTURE

Ten of the Caribbean Development Bank's (CDB) Borrowing Member Countries (BMCs) were affected by extreme weather events in 2017.

Countries affected most significantly were Anguilla; Antigua and Barbuda; British Virgin Islands (BVI); Dominica; and Turks and Caicos Islands (TCI). The estimated costs of damage and losses stand at 225% of GDP in Dominica and more than 300% in BVI.

Notwithstanding the devastating events of 2017, there was an overall uptick in economic growth to 0.6%.

Four of the five major commodity exporters—Belize, Guyana, Suriname, and Trinidad and Tobago—saw improved performance compared with 2016. Haiti grew slightly less than in the previous year.

Regional consumer price inflation continued to edge up in 2017. Median inflation was estimated at 2.4% in 2017, up from 0.9% in 2016.

Price rises exceeded the median inflation rate in 11 of 19 BMCs. The most pronounced increases were recorded in Haiti (15.3%), Suriname (9.2%) and Jamaica (5.0%).

Growth in the Caribbean continues to lag behind that of other small developing states.

FISCAL PERFORMANCE AND DEBT

Regional fiscal conditions deteriorated in 2017. The median fiscal deficit of central governments increased from 0.7% of GDP in 2016 to 1.6% in 2017.

Three BMCs (Barbados, Suriname, and Trinidad and Tobago) received credit rating downgrades.

High levels of indebtedness remain, with increasing debt service payments crowding out the productive expenditure needed to stimulate growth. The median public debt burden declined marginally from 67% of GDP in 2016 to 65% in 2017.

As at the end of 2017, debt-to-GDP ratios had fallen in 13 of the 19 BMCs. However, debt is still above 60% of GDP in 12 BMCs.

POVERTY AND UNEMPLOYMENT

Although the majority of BMCs are ranked in the high human development category, issues of persistent poverty; inequality; vulnerability; and the inability of the poor to sustainably improve their well-being remain.

Countries which reported declines in their unemployment rate in 2017— The Bahamas, Belize, Grenada, Jamaica, and Saint Lucia—also recorded positive economic growth.

Double-digit unemployment rates remain an area of concern for most of the Caribbean, and youth and women are disproportionately affected.

EXTERNAL PERFORMANCE

External positions improved in the commodity-producing BMCs, but in other countries the situation worsened, and the level of foreign reserves came under further pressure.

The current account deficit fell in Suriname and in Trinidad and Tobago, owing to increased oil and gas prices.

Suriname also benefitted from an increase in the price of gold, as did Guyana.

The external reserves positions were below or close to the recommended threshold in Barbados; Belize; Suriname and The Bahamas.

2018 OUTLOOK

CDB is projecting regional economic growth of 2% for 2018, to which all BMCs are expected to contribute.

Regional growth prospects partly depend on developments in the global economy. The IMF is forecasting that global growth will increase in both 2018 and 2019 to 3.9%, from 3.7% in 2017.

Returns to positive growth are projected for Suriname and Trinidad and Tobago, driven by continued recovery in the energy sectors.

There will be further hotel investment in St. Kitts and Nevis and Saint Lucia.

An increase in growth is forecast for Jamaica, as agriculture recovers and mining picks up.

Growth is forecast for all of the service-dependent economies.

Reconstruction activity should drive growth in the five countries most affected by Hurricanes Irma and Maria: Anguilla, Antigua and Barbuda, BVI, Dominica, and TCI.